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MAPLE PRODUCTS



Investigation into an Alleged Combine in the Purchase
of Maple Syrup and Maple Sugar
in the Province of Quebec



REPORT OF COMMISSIONER, COMBINES INVESTIGATION ACT
DEPARTMENT OF JUSTICE
OTTAWA
1953

COMBINES INVESTIGATION COMMISSION

DEPARTMENT OF JUSTICE

OTTAWA

March 20, 1953

Honourable Stuart S. Garson, Q. C.,
Minister of Justice,
Ottawa

Sir:

I have the honour to submit to you the following report of an investigation, under the Combines Investigation Act, into an alleged combine in the purchase of maple syrup and maple sugar in the Province of Quebec.

The investigation has been directed primarily to the operations of six Canadian and United States companies which are engaged in the purchasing, processing and sale of maple products, and a company incorporated in 1950 to purchase maple products on behalf of these companies.

In June 1950 a petition was received from a large number of small producers of maple products in the Beauce district of the Province of Quebec, who alleged that the majority of the larger buyers of maple products in that Province had formed a combine for the purpose of fixing a common purchase price. A preliminary inquiry was commenced which was, during 1950, extended to a formal investigation.

In November 1950 the parties alleged to have participated in the combine were presented with copies of the charges alleged against them and in January 1951 such parties appeared before me and gave evidence and made submissions on their behalf. They made further representations in writing on January 27, 1951.

On May 31, 1951 I made an interim report in which I stated that the evidence then available was not sufficient to enable me to reach conclusions and that it was my intention to study the matter further during the coming season.

During 1950 and 1951 26 witnesses, representing all the larger buying firms and including a number of producers and several officers of the Departments of Agriculture of the Province of Quebec and Canada, gave evidence under oath, and a considerable amount of supplementary information was obtained during 1950, 1951, 1952 and 1953.



(ii)

By the amendments to the Combines Investigation Act which were enacted last July and came into force on November 1, a new body - the Restrictive Trade Practices Commission - was established, by whom future reports are to be made. The amendments provided however that cases that were pending upon the effective date of the amendments and in which I had before then exercised certain powers might be completed by me as if the amendments had not been passed. Having regard to the stage to which this inquiry had progressed, I am of the opinion it should be so completed.

Mr. M.J. Beauchemin, a member of the Commission staff and also a member of the Quebec Bar acted as Commission Counsel in this case and examined most of the witnesses. I should like to refer to the excellent services that were rendered by Mr. Beauchemin and by Mr. G. D. Orr also of the Commission staff who took a prominent part in the proceedings.

Yours faithfully,

T. D. MacDonald

Commissioner
Combines Investigation Act

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I Nature of the Investigation

This was an investigation to determine whether a combine, within the meaning of the Combines Investigation Act, existed in the Province of Quebec in connection with the purchase of maple syrup and maple sugar which will hereinafter be sometimes referred to as "maple products".

In June 1950 a petition was forwarded to the Commission signed by a large number of producers of maple products in the Beauce district of Quebec alleging a combine for the purpose of fixing the prices to be paid for maple products in the Province of Quebec by a number of the larger purchasers of such products. On the strength of this petition and some additional information supplied to the Commissioner by a number of such producers the Commissioner embarked upon a preliminary inquiry which was later extended to a formal investigation. In the course of the investigation returns of information were obtained from all the larger purchasers of maple products in the Province of Quebec; such sources of general information as the published reports of the Dominion Bureau of Statistics and United States Department of Agriculture were examined; 26 witnesses gave evidence under oath during a total of 10 days of hearings at Granby, Levis, Quebec, St. Ferdinand d'Halifax, Sherbrooke and Thetford Mines in the Province of Quebec, and Delta and Ottawa in the Province of Ontario; more than 1,100 pages of written evidence were recorded; and additional incidental information was obtained from other miscellaneous sources. In November 1950 the parties alleged to have participated in the combine were presented with copies of the charges alleged against them and afforded a full opportunity to be heard and to supply evidence or further evidence and to make representations on their own behalf. This opportunity was taken advantage of by all such parties at a hearing before the Commissioner in Ottawa on January 11, 1951. Further representations were made by one of the parties, Farm Products Inc., in a letter dated January 27, 1951 and supplementary information was secured from representatives of other firms on January 30 and 31 and March 13, 1951.

On May 31, 1951, the Commissioner, having found that the evidence available at that time was not sufficient to enable him to come to a conclusion as to whether or not a combine of the nature alleged existed within the meaning of the Act, made an interim report to the Minister of Justice. The interim report contained the information gathered to date, all of which is also contained in this report, and expressed the Commissioner's intention to study developments in the maple products industry throughout the 1951 season. This report is made on the basis of the information contained in the interim report supplemented by information relating to the 1951 and 1952 seasons.

II History of the Industry¹

Maple syrup and maple sugar are obtained by evaporating, through boiling, the sap of the maple tree. Ten gallons of sap will, upon the average, produce about three pounds of syrup or two and one-quarter pounds of sugar.

The maple sugar and syrup industry, as far as can be ascertained, is confined to the North American continent where, before the advent of the white man it was practised by the Indian. On the approach of spring the Indian with his tomahawk gashed the maple tree in a slanting direction and inserted a wooden chip or spout down which the sap dripped into a birch bark receptacle from which it was taken to be boiled in an earthen kettle. The small quantity of dark thick syrup thus made was the only sugar available to the Indian and is stated by early writers to have been highly prized. The white man learned the art from the Indian and for many years followed the Indian's crude methods. Gradually metal utensils came into use and techniques were improved. For many years both the Federal and the Quebec Provincial Governments have taken a keen interest in the industry and, for example, there is in effect at the present time a plan whereby producers may, in the interests of purity of their product, replace their old galvanized buckets with new aluminium utensils to the cost of which the Federal and Provincial Governments contribute one-third each. The Department of Agriculture of the Province of Quebec has operated an Experimental Sugar Bush at Plessisville since about 1938, the purpose of which is to determine and disseminate the practices calculated to produce the best maple products. On a great many farms where production of maple syrup has reached commercial proportions the old boiling pots have been replaced by modern "evaporators", scientifically devised to secure uniformity and high quality of product. In some cases sap is conveyed by pipe from the sugar bush to the building housing the evaporator.

The tapping season is ordinarily in March and April. Sunny days and frosty nights during that time are ideal conditions for the flow of sap. Depending upon the weather, the sap may run from twenty-five to forty-five days. This, incidentally, is an "off" period on the farm so that the operation of a sugar bush fits in well with the farm economy.

1 A booklet entitled "The Maple Sugar Industry" published by authority of the Minister of Agriculture, Ottawa, Canada, in 1923 has been drawn on for part of this chapter.

III Production Areas and Consumption

In former years the North American supply of maple products was produced in approximately equal parts by the United States and Canada, but during the last decade the Canadian production has been consistently greater than the United States production. During the years 1948 to 1952, inclusive, it was approximately twice as much. The Canadian production from 1948 to 1952, inclusive, averaged 35,467,000 pounds per year. Table I in Appendix A shows the North American, Canadian and Quebec production from 1948 to the present time.

The production of maple products is confined almost entirely to eastern Canada and the north-eastern part of the United States. The Province of Quebec produces over 80 per cent of the total Canadian production. During 1950, 1951 and 1952, for example, Quebec produced approximately 31,749,000, 24,700,000 and 38,727,000 pounds respectively, or about 82, 82 and 86 per cent of the Canadian total. The remaining 14 to 18 per cent of the Canadian total comes mostly from the Province of Ontario. Production in New Brunswick and Nova Scotia is rarely more than 2 per cent of the national total. It would appear that the "Beauce district", including the counties of Beauce, Dorchester, Megantic, Frontenac and Lotbiniere, accounts for about one-third and, perhaps, more of the total Quebec production. More than half of the syrup purchased in Canada by the larger commercial processors comes from this district.

The United States has always consumed all but a negligible portion of its own production and in addition to this has for many years been importing maple products from Canada, accounting for almost all the Canadian exports. These exports have been increasing steadily in recent years as appears from Table II in Appendix A. An important factor bearing upon this trend has been a marked decrease in production in the United States. Average yearly production in terms of syrup in that country declined from about 41 million pounds annually in the five years 1919-1923 to 29 million pounds annually in the five years 1936-1940 and to slightly less than 19 million pounds annually in the five years 1948 to 1952.¹ Increasingly attractive prices for maple lumber have led to the cutting of many maple trees in the producing areas in the United States and this has cut deeply into maple syrup and sugar production. On the other hand, Canadian exports have been stimulated by reduction of United States tariffs on maple products imported from Canada. In Canada, the rate of reduction of maple bushes by cutting does not appear to have exceeded the rate at which new trees have been brought into production, so that there has not been, in recent years, any discernible downward trend in maple production traceable to fewer trees.

1 Sources: United States Tariff Commission and United States Bureau of Agricultural Economics



Almost the entire maple products crop in New Brunswick and in Nova Scotia is consumed in these provinces. In Ontario a large part of the annual production is consumed by the producers or disposed of by them direct to the consumer or retail trade. A few producers have developed small markets in the western provinces. There is one buyer in Ontario on a comparatively large scale, namely, Confederated Foods of Canada Limited, whose Ontario purchases are made mostly in the counties of Leeds and Lanark and some adjacent areas.

IV Economic Importance of the Maple Crop

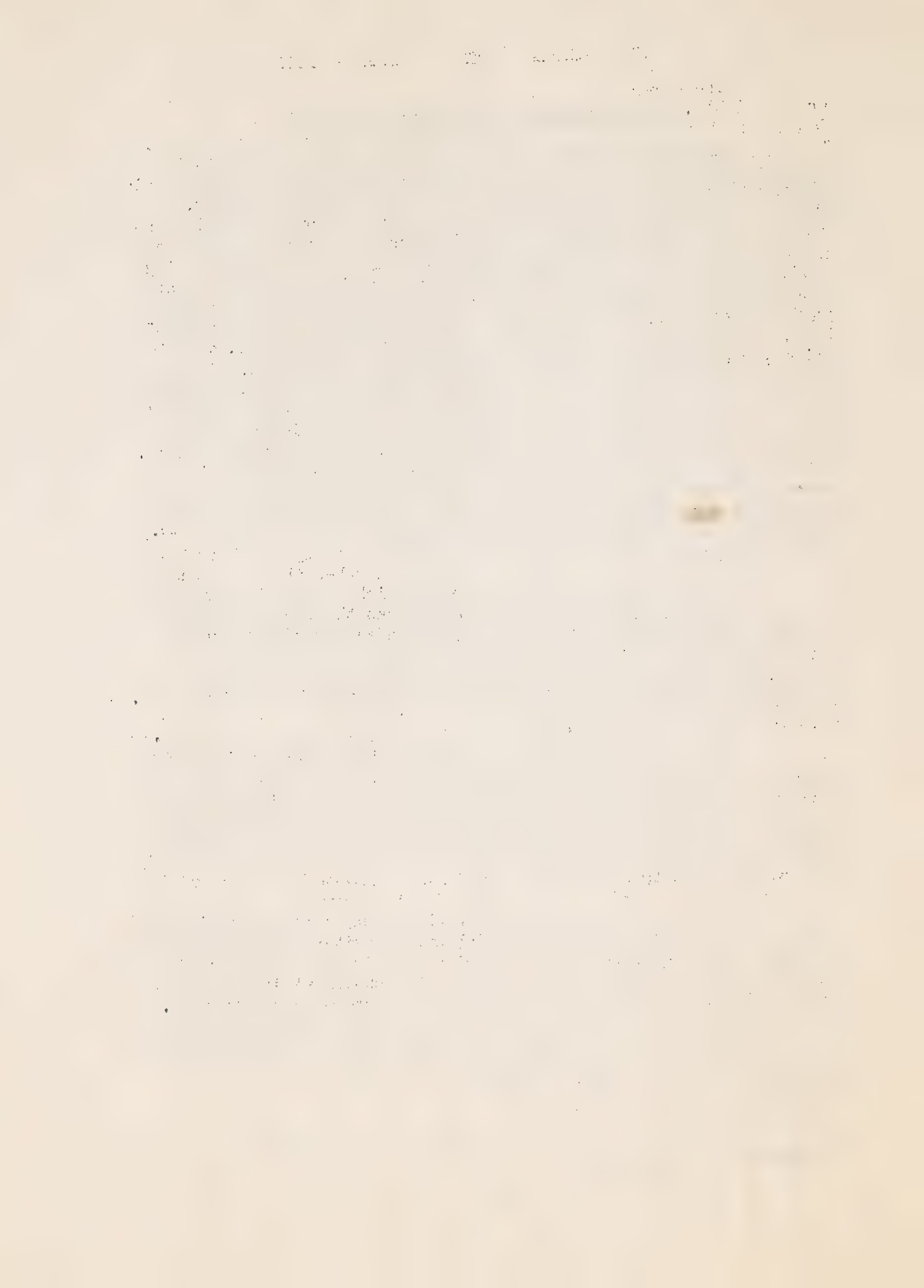
There were in 1941, the last year for which census data are available, approximately 39,000 producers of maple products in Canada of whom approximately 25,000 were in the Province of Quebec. The number of trees tapped in Canada in 1941 was about 24,250,000 of which about 21,350,000 were in the Province of Quebec.¹ The scale of operations of maple producers appears to vary rather widely. Of about 250 producers in the Beauce district from whom information was received regarding the 1950 crop, 180 reported production of maple syrup between 500 and 3,000 pounds. The numbers of those reporting production within each of the five 500-pound intervals within that range were approximately equal. The number of trees tapped to produce these quantities of syrup would range approximately from 350 to 2,000, and the total price received for the syrup would, at 1950 prices, range from slightly more than \$100. to about \$700. A few producers reported maple crops considerably larger than 3,000 pounds. One witness who tapped about 3,000 trees annually believed that his investment in pans, sleigh, storage facilities and evaporating equipment would total \$3,760. This does not, of course, include the land or the trees and it is certain that at today's prices the amount would be considerably more.

By many farmer-producers their maple products are depended upon as a cash crop and this fact, independent of any difficulties connected with the conserving of the product, makes them desirous of selling it at the earliest opportunity which yields them an acceptable return. The average producer lacks the facilities necessary for storing his crop for any extended period without involving risk of deterioration.

Table II in Appendix A, which has already been referred to, shows the volume of exports of maple products from 1930 to 1951, inclusive, and their relation to Canadian production. Table V shows exports for 1949 to 1952, inclusive, by the different groupings of processors that are dealt with in this report. Table III shows the value of Canadian and Quebec production of maple products for the years 1948 to 1952, inclusive.

Upon the cost of producing maple products it is exceedingly difficult to obtain objective information. Many variables enter the picture. One element to be considered is the value of the maple grove in terms of lumber - a factor which is subject to variation from time to time. Another variable is labour. Sometimes the operation is carried on by the family alone during a period when they would not otherwise be actively engaged. In other cases outside assistance must be hired. Then again, certain broader factors come into play. One witness put the case as follows:

1 Source: Dominion Bureau of Statistics; see Table VI in Appendix A.



"There is another factor to consider, we don't live just for ourselves. I could put \$15,000.00 in my pocket by selling my farm and I could use that money to go south. I have some children, I have a little boy who is 8 years old and some girls. I keep for future years. I want to keep my farm for my family. We take wood also from the farm for heating the house. We have some trees that are 300 years old and we take these trees when they are blown down by the wind to heat the house but that is only one item why I want to keep my farm."

(Evidence, pp. 208-9)

V General Conditions of Marketing

For the last fifteen years by far the greater part of the Quebec maple products crop has been marketed by the producers in the form of syrup. In the decade preceding 1938 the proportion of the crop sold as sugar was about one-quarter to one-third but in recent years it has dropped to less than ten per cent. One reason for this change is the fact that many purchasers for resale prefer to receive the crop in the form of syrup and to perform the additional processing themselves.

The Quebec maple products crop is mostly disposed of in three ways: a part is consumed by the producers themselves; another part is marketed by such producers direct or through persons whose traffic in maple products is individually small; and the remainder is sold by the producers to individuals, companies or organizations whose business is primarily the processing and distribution of maple products and who individually handle substantial quantities. Of the latter group, who will sometimes hereinafter be referred to as "processors", there are approximately 10, including a co-operative society which handles the products of its own members. These 10, during the crop year 1950 handled approximately 19,874,000 pounds of syrup. Of this quantity, 8,564,000 pounds were handled by the co-operative, 5,035,000 pounds were handled by a group of three individuals or companies who may be referred to as the "independents"; and the balance of 6,275,000 pounds was handled by the Farm Products Inc. group whose operations are the subject of this investigation and who will sometimes hereinafter be referred to as the "F.P.I." group. This works out to percentages of 43 for the co-operative, 25 for the independents and 32 for the F.P.I. group.

The independents are two Canadian companies and a Canadian partnership located in the Province of Quebec and selling in the Canadian and United States markets. The F. P. I. group comprised, in 1950, six Canadian and United States companies selling in the same markets. The co-operative is organized under the laws of and located in the Province of Quebec and sells in the same markets also. A further description of the independents, the F.P.I. group and the co-operative is given in Appendix B.

The marketing of maple products is subject to regulation under Federal law, and, in the Province of Quebec, under Provincial law. The Maple Products Industry Act,¹ and regulations made under its authority are administered by the Federal Department of Agriculture. Maple products are also subject to the provisions of the Food and Drugs Act² which forbid the adulteration of foods. The Food and Drugs Act is administered by the Federal Department of National Health and Welfare. In Quebec, the Agricultural Products Act³ and regulations made thereunder relating to the grading and sale of maple products are administered by the Department of

1 Chapter 24 of the Statutes of Canada for 1945

2 Chapter 76 of the Revised Statutes of Canada, 1927, as amended

3 R.S.Q. 1941, c.132

Agriculture of the Province. Both bodies of law make provision for inspection of maple products and forbid the sale of adulterated maple products. While the Federal regulations merely outline a grading system for maple products when they are sold under grade designation, the Provincial regulations make compulsory the grading of maple products which are sold or held for sale. Regulations requiring classification of maple products sold in the Province of Quebec were made in 1943. Subsequently classifiers were sent to inspect commercially sold syrup at the point of sale. Colour, density and taste tests were made. Up until the year 1950, although inspectors had authority to impound products for further analysis where the presence of adulteration was suspected, no conclusive test for adulteration was regularly made by the government officers. In 1950, however, the classifying officers were accompanied by analysts who used "conductivity meters". Since the materials commonly used to adulterate maple products are relatively poor conductors of electric current, these meters will show a relatively low reading when adulterants are present. Products which, through this test, are suspected of containing adulterants are detained and samples subjected to more thorough analysis. Where adulteration is proven, the person responsible may be fined and the maple products in question forfeited.

The classification of commercial production of maple syrup in the Province of Quebec by grades in the years 1948-1952, inclusive, is shown in Table VII in Appendix A.

VI Marketing Pattern Prior to 1950

In the years previous to 1950 the purchasing of maple products from the producers by the independents and the F.P.I. group was according to the following pattern. Each company maintained its own buying organization which, in the case of a large processor, might comprise 50 to 75 district and local agents. In the fall, agents would place with producers from whom they wished to purchase in the spring, the requisite number of empty drums belonging to their respective principals. The acceptance and use of the drums by a producer carried some implication that he was likely to sell to their owner but he was not bound to do so; ordinarily his decision as to the person to whom he did in fact sell in the spring depended upon the price that he was offered. Neither was the processor bound to buy all the syrup accumulated in his drums. Not infrequently a producer would be given drums by more than one prospective buyer and would then be in possession of more drums than he could be expected to fill. While buyers gathered the bulk of the syrup in their own drums, many of them have, from time to time, bought syrup held in drums which have been supplied to producers by competitors. In the latter case, the drums might be used for shipment and later returned empty to the owners, or syrup might be dumped from the competitors' drums to those of the purchaser.

Normally, and particularly in a year when the maple crop appears to be relatively short, buyers tend to move as rapidly as possible to acquire supplies of maple products, so that purchasing begins quite early in the production season. Purchases in substantial quantities usually begin early in April. In 1949, for example, about 60 per cent of the processors' purchases had been made by the end of May and about 90 per cent by the end of June.

Up to 1950 agents and sub-agents of the various processors travelled through the syrup producing districts offering to buy syrup, and to a lesser degree sugar, at the prices set by their respective principals and making the necessary arrangements for the receiving, accumulation and transportation of the products they bought. Local agents were ordinarily paid on a commission basis, usually ranging from 50¢ to \$1.50 per 100 pounds of syrup purchased, and district agents were paid by salary or commission or both.

Contact with producers was sometimes made by the buyers at the farms of the former, and in other cases a general announcement would be made at a village regarding buying dates at that place. The producers' knowledge of prices being paid throughout the Province was sometimes poor and in some cases they had no knowledge of prices paid elsewhere than in their respective communities.¹ Consequently it was quite possible for the prices paid for a given grade of syrup to vary from one district to another.

The syrup is usually conveyed to the processing plant of the buyer in the drums but in the case of at least one United States processor it is sometimes so transported in tank wagons. In the case

1. Certain price information has for sometime now, however, been disseminated by radio in the course of "farm" broadcasts.

of the United States processors, some of them have processing plants in Canada and others do all their processing in the United States.

The top grades of syrup are sold pure in bottles and cans for table use and in some cases are used to make blended syrup which is a mixture of maple and cane. The lower grades are used for blending, in the manufacture of tobacco products, and for flavouring in the confectionery and ice cream industries. Several of the processors market the pure or blended syrup under their own labels. A large quantity of syrup is converted into sugar by the processors at their plants in Canada or the United States. The acceptability of syrup for a particular purpose may not always be in proportion to the highness of its grade. The higher, lighter coloured grades are most in demand for table use but lower, darker grades may be more in demand for flavouring and similar purposes.

During the years prior to 1950 the purchasing policies of the independents and of the members of the F.P.I. group were independent one of the other, or at least if there was any discussion about prices it was of an inconclusive nature and no understanding as to uniform prices appears to have been entered into or carried out.

VII Formation of F.P.I.

In the 1950 crop year the buying pattern changed. Late in 1949 or early in 1950 some members of the F.P.I. group and some of the independents began to discuss among themselves the possibility of making joint arrangements for the purchase of maple products in the Province of Quebec. On March 27, 1950 representatives of at least seven of the processors attended a meeting at Newport in the State of Vermont at which the proposals attained some degree of concreteness. The processors represented at this meeting were, in the case of the independents, United Maple Products, Limited (hereinafter called "United") and Quebec Maple Products Ltd. (hereinafter called "Quebec Maple") and in the case of the F.P.I. group, American Maple Products Corp. (hereinafter called "American"), Cary Maple Sugar Company, Inc. (hereinafter called "Cary"), Maple Orchards Limited (hereinafter called "Maple Orchards"), Our Husbands Co. (hereinafter called "Our Husbands") and Confederated Foods of Canada Limited (hereinafter called "Confederated").

The minutes read in part:

- "I. Meeting opened with discussion of Plan No. 1 to organize a centralized Buying Agency for Canadian purchases.

After a lengthy discussion this was not adopted as it was thought it would drive producers into the Co-Operative, and time was too short in which to make it operative in the field and might tend to disorganize present organizations as set up but it was something towards which to work ultimately.

- II. Plan No. 2 was proposed, in which all agreed to pool their purchases -- selling to the Pool their overages and buying from the pool their deficiencies, at the agreed pool prices. Each to submit a sworn statement of their Canadian purchases from Mar. 1st, 1949 to Mar. 1st, 1950, in detail, which are subject to later audit by an Auditor to be chosen later. These figures to be transmitted to Hon. Bart Holtham, Box 675, Sherbrooke, P.Q. this week.

All agreed to this at once, with the exception of Quebec Maple Products Company which Company will advise its decision definitely tomorrow."

(Exhibit 57)

Agreement at this stage, even with the exception noted, was not final and Plan No. 2 was not the plan that was eventually settled upon. Quebec Maple made its decision against taking part in any joint arrangements and attended no meeting subsequent to the meeting of March 27. United, after attending a second meeting at St. Johnsbury, Vermont, on April 7 also left the group. Although the attendance of a representative of Fred Fear & Co. (hereinafter

referred to as "Fred Fear") is not recorded in the above-mentioned minutes, Fred Fear did become a party to the discussions and arrangements entered into by the group. A. M. Bolduc & Son, the third "independent", (hereinafter called "Bolduc") was not asked to and did not join the group.

By April 1, 1950, the arrangements made by the F.P.I. group (American, Cary, Fred Fear, Maple Orchards, Our Husbands and Confederated) to pursue a common buying policy had materialized. A company under the name of Farm Products Inc. (hereinafter referred to as "F.P.I.") was incorporated in April 1950 under the laws of the Province of Quebec with an authorized capital of \$10,000 divided into 400 common shares of \$25 each. The head office is in the city of Sherbrooke in the Province of Quebec. The shareholders and directors were representatives of the companies making up the F.P.I. group. The officers and directors were as follows:

Officers - President	E. R. Boylan, President of Cary
Vice-President	Leo Green, President of Fred Fear
Treasurer	F. L. Jenne, President of American
Secretary	F. N. Rees, Manager of Maple Orchards
Directors	H. E. Franklin, President of Our Husbands
	W. H. Russell, President of Confederated

A formal agreement was then entered into by F. P. I. and the companies making up the F. P. I. group embodying the following provisions:

1. F.P.I. was appointed sole purchasing agent for its members;
2. Products purchased by F.P.I. were to be allocated among members under a quota system;
3. Each member would reimburse F.P.I. for products bought by F.P.I. on account of such member;
4. Each member would rent all of its drums in the Province to F. P. I. for one dollar per year;
5. Each member would purchase seven shares (valued, according to the charter, at 25 dollars each) of the capital stock of the company;
6. The initial agreement was to be effective from April 1, 1950, to March 30, 1951.

This agreement was slightly modified in practice so that Confederated, for the year 1950, was allowed to purchase maple products on its own account in certain parts of the Province where other members of the F.P.I. group had not usually bought.

The allocation system, in practice, was to work roughly as follows: Generally speaking, each member's quota was based upon the ratio of his purchases in past years to total purchases of F.P.I. members in those years. On a percentage basis, quotas for 1950 were as follows:

American	7.9%
Cary	42.9%
Confederated	10.9%
Fred Fear	18.9%
Our Husbands	3.4%
Maple Orchards	<u>16.0%</u>
	100.0%

Syrup purchased within a given period would be distributed to member companies in approximately these proportions. For example, if 100,000 pounds of syrup were purchased in a week, American would get 7,900 pounds, Cary 42,900 pounds, and so on. Each company would continue to receive syrup on this basis, so long as it had unfilled orders placed with F.P.I., and when orders of one company had been completely filled, the remaining companies would continue to receive syrup in quantities proportionate to their respective quotas. The quota system would continue to be used as long as orders for syrup for more than one member company were unfilled. While the system was not followed strictly at all times, it appears to have been the accepted basis for distribution of syrup to F.P.I. members. The manager of F.P.I. testified as follows:

"Q. Suppose you bought 100,000 pounds in a week, would you distribute the syrup according to these quotas?

A. It has not been done all the time, but it should have been.

Q. Do you try more or less to stick to the quotas?

A. Yes."

(Evidence, p. 1054)

It seems to have been understood that in order to insist upon its quota, a company must have made known its requirements within a reasonable time after the buying season opened.

Except as an administrative and distributive device, this quota aspect would be of significance to the members only in a year of short supply; it would have little significance when the supply available at the prices offered was sufficient to meet the requirements of all the companies. It so happened that the 1950 crop was a bumper crop exceeding that of the previous year by about 20 per cent so that during the year 1950 the quota aspect was not, in actual operation, important.

Prices to be paid by F.P.I. on behalf of the member companies were fixed from time to time by the directors. The

record of a meeting held on May 4 at Burlington, Vermont, reads in part as follows:¹

"The prices for purchasing the syrup and maple sugar in Canada were discussed and FARM PRODUCTS INC., was authorized to pay as follows:

Grade Fancy - 25¢

" A - 24¢

" B - 23¢

" C - 22¢

" D - 21¢

With ordinary deduction for water and surplus; $\frac{1}{4}$ for the tests 68 and 69, $\frac{1}{2}$ for the test 70 and up.

The ungraded syrup paid half price and unfiltered syrup paid one cent less per pound.

Good bag sugar paid 26¢ and poor sugar 12¢".

(Exhibit 55)

This record was signed by F. L. Beaudry, formerly an agent for Cary, who became manager of F.P.I. and directed its buying operations.

Apart from small quantities of maple products purchased before the formation of F.P.I. and with the minor exception on the part of Confederated already mentioned, all the maple syrup obtained by the members of the F.P.I. group in the Province of Quebec during the year 1950 was purchased for them by F.P.I. at these prices. Slight changes appear to have been made in prices for lower grades of sugar.

During this year, since buyers had already been engaged by the individual member companies in accordance with the practices of past years, the buying was carried out by F. P. I. through such buyers who were paid in accordance with the existing arrangements. Local buyers were, however, instructed as to loading dates for their respective districts so that delivery of syrup and sugar in each district was taken at one time for all F.P.I. members rather than

1. Decisions arrived at at this meeting did not, apparently, introduce any changes in the prices which F.P.I. had been paying since the beginning of operations, with the exception that the 21¢ price for "D" grade, newly established under Provincial regulations, had been added.

on separate dates for the various companies as had been the case before the formation of F.P.I. Plans for 1951 provided for an organization of local buyers retained by F.P.I. rather than by individual companies. In this way, the several company representatives in a district would be replaced by a single representative of F.P.I. These plans were duly carried out.

The working or proposed working of the quota arrangement in regard to sugar, which, as contrasted with syrup, does appear to have been in short supply in 1950, is indicated in Exhibit 45 which is a letter dated June 3, 1950 from F. L. Beaudry to those of the F.P.I. group who were interested in sugar purchases. This letter reads in part as follows:

"Mr. Hedon and I have talked this over today and we are of the opinion that if we grade this sugar carefully, before the conductivity testing by the Government, that we will have but little trouble in handling. We propose to pay 26¢ for first class sugar, 20¢ for sugar with nitre in it, and 13¢ for the poor. We figure that Cary wants 250,000, Fred Fear 250,000 to 350,000 and H. E. Franklin 100,000 or a total of 600,000 to 700,000. We doubt that this amount of pure sugar has been made this year, but it may have, and the way to handle it is on the basis of last year's sugar purchases of Cary 322,000, Fear 350,000 and Franklin 100,000 or Cary 43%, Fear 45.4% and Franklin 11.6%."

(Exhibit 45)

VIII. Change in Marketing Pattern - 1950

During the year 1949 the members of the F.P.I. group and the three independents had conducted their buying individually and in competition each with all the others. In the year 1950 the competition among the members of the F.P.I. group was eliminated. The contrast between the situation in 1949 and the situation in 1950 is revealed by the following extracts from the evidence. D. R. MacDonald, the manager of United, stated that the year 1947, during which a number of the United States companies had not purchased in Canada (perhaps because of export controls) had been more stable from the standpoint of prices than 1948. He continued:

"A. . . . 1948 was the year they started coming in here and in 1949 they came in to create chaos.

. . .

it was just plain competition; it was cussed competition."

(Evidence, pp. 604-5)

Frank N. Rees, the manager of Maple Orchards, testified as follows:

"Q. . . . Were you in open competition with the other companies which now make up the F.P.I. in purchasing in Canada in the 1949 period?

A. Yes, sir.

Q. Is it a fair statement to say that that competition was eliminated this year [1950] through the F.P.I.?

A. Yes, sir, I think that is a fair statement."

(Evidence, p. 870)

F. L. Jenne, the president of American, testified as follows:

"Q. Were you competing against each other in 1949?

A. I would say we were competitors of each other."

(Evidence, p. 882)

J. A. Blondeau, a buyer for Cary, gave the following evidence:

"Q. Whereas in past years the producers brought it in themselves? (The question is directed to the manner of buying and collecting syrup in 1950 contrasted with past years).

- A. In some towns they would bring it in themselves, and in other places where there was a stiff competition we had to send a truck to get the syrup from each place."

Evidence, p. 21)

R. M. Boright of Quebec Maple testified as follows:

"Q. Last year what were the prices that you paid?

A. Last year?

Q. In 1949?

A. I don't know. We paid I think all the way up to 35 cents. I don't really know, I think it started around 20 but it never was the same two days in succession. It just went all over.

Q. Pretty strong bidding?

A. Yes. It got so it did not make sense at all.

Q. The American companies were buying at correspondingly higher prices?

A. Yes, they were forcing the issue."

(Evidence, p. 633)

About the competitive situation among buyers in the year 1949 there appears to be no doubt. This was a year of short supply due to a small crop, and strong demand. The buying opened with offered prices of 22 to 25 cents per pound and by the end of the season the price had gone to 30 cents per pound with a few purchases at the very end of the season being made at 32 cents per pound.

In the crop year 1948, a year when production was also somewhat below normal, the prices quoted for maple syrup early in the season by one of the largest buyers were 22 to 25 cents per pound, according to grade. Later, 25 cents per pound on a "flat", basis (i.e. irrespective of grade) was paid, and in the fall 27 and 28 cents "flat" was paid. Since the bulk of the syrup sold to processors is normally "B" and "C" grades (see Table VII in Appendix A) a price of 25 cents per pound "flat" represents a considerable increase over 22 to 25 cents by grade, even allowing for the fact that syrup held for later sale tends to be of higher than average quality.

1950 was the first year of operations for F.P.I. Prices paid by the independents at the beginning of the season ranged from 20 to 23 cents per pound according to grade, to 25 cents per pound "flat". Soon after the F.P.I. price emerged, all the

independents adopted the price range of 21 to 25 cents per pound according to grade, at which F.P.I. was buying. This price range was adhered to by all buyers until the fall when prices paid by two of the independents ranged from 24 to 26 cents per pound on a "flat" basis. F.P.I., which made no substantial purchases in the fall, adhered to the 21-25 cent range throughout 1950.

In contrast to 1949, 1950 was a season of bumper crop and, prior to the outbreak of the Korean war, of some recession of business activity in the United States. Information supplied by the various processors indicates that users of maple products in the United States were offering prices generally lower than those paid in 1949.

The freeing of the Canadian dollar in September 1950, which had the effect of reducing the premium on United States currency, may have made some impression on the prices paid for maple products in Canada subsequent to that time. The United States maple crop comes on the market slightly in advance of the Canadian crop, and the prices then offered have ordinarily exerted considerable influence on the Canadian prices that are to follow. Prices quoted in the United States, identical in terms of American dollars to those quoted in 1950, would be in 1951 about 5 per cent lower in terms of Canadian currency. This would be equal to a difference of approximately one cent per pound of syrup. Since the fall of 1950, of course, the Canadian dollar has moved to a position of parity, and better, with the United States dollar.

At the beginning of the 1951 season, both United and Quebec Maple paid 18 to 22 cents per pound for syrup according to grade. Both, however, guaranteed to pay an additional sum to make the total equal to any higher price which might be introduced by another buyer. When F.P.I. commenced buying some two months later, it paid 20 to 24 cents per pound according to grade. United and Quebec Maple then made additional payments on account of past purchases, in accordance with their undertaking.

During the greater part of the 1951 buying season, 20 to 24 cents per pound according to grade remained the prevailing price, although each of the buying firms, except Confederated, departed from this range to some extent late in the season. Also, F.P.I. made some purchases at 22 to 23 cents per pound "flat" fairly early in the buying season. Then, after the first week of August it substantially abandoned the 20-24 cent range and began to pay its buyers $24\frac{1}{2}$ to $25\frac{1}{2}$ cents per pound on a "flat" basis for syrup delivered to shipping points. The manager of F.P.I. estimated that commission and trucking would together amount to 1.4 cents per pound, so that the producer would be expected to receive slightly more than 23 to 24 cents per pound for syrup purchased by F.P.I. at $24\frac{1}{2}$ to $25\frac{1}{2}$ cents on the described basis. During October, F.P.I. paid agents 26 cents per pound at which price the producer would be expected to receive slightly more than $24\frac{1}{2}$ cents.

Both United and Quebec Maple also departed from the 20 to 24 cent price range, the latter having done so as early as July. Prices of 24 to 26 cents on a "flat" basis were reported by Quebec Maple. During the summer, United bought some syrup at 24 cents "flat" and later paid 25 cents. Bolduc, who adhered to the 20 to 24 cent range for the bulk of his purchases, bought small quantities of syrup at 24 and 25 cents per pound "flat".

Prices offered by United States buyers in 1951 were generally, in terms of American dollars, equal to those paid in 1950. In terms of Canadian dollars they were, as it has been seen, slightly lower.

Although the 1951 crop was much smaller than the 1950 crop, all the processors from whom such information was received in 1951 agreed that users of maple products in the United States had not shown in 1951 the concern regarding adequate supplies of maple products that they had shown in 1949. The opinion was generally expressed by these processors that substantial inventories of maple products in the hands of the United States users explained, to a large extent, the absence of such concern. It may be that the bumper crop in the United States and Canada in 1950 made some accumulation possible.

When the situation was re-examined late in August 1951, there appeared to be little further demand for syrup. D. R. MacDonald, manager of United, testified at that time as follows:

"Q. At the moment you do not plan to buy any more?

A. No, we do not actually need any more. If we got another order or so that was substantial we will buy some more to get our inventory up for the Canadian trade, but we are very comfortable; the way we are now we do not need any more at all."

(Evidence, p. 1038)

At that time Quebec Maple was buying some syrup. When asked about the demand for maple products, R. M. Boright, president of Quebec Maple, stated:

"A. . . . I can show you two letters I got this week in which they say they [customers in the United States] have ample sugar and they are comfortable but they would be glad to have me send my prices later on."

(Evidence, p. 1077)

F. L. Beaudry, manager of F.P.I. who also gave further evidence in late August testified that orders for two of the five companies which made up F.P.I. in 1951 had been completely filled at that time. These two companies, Fred Fear and Maple Orchards, had received, respectively, the equivalent of 701,000 and 501,000 pounds of maple syrup in 1951. In 1949 Fred Fear had purchased from producers in Quebec the equivalent of 858,000 pounds of syrup and Maple Orchards 1,345,000 pounds. In 1950 they had purchased about 908,000 and 947,000 pounds respectively.

In 1952, a near-record Canadian maple crop was produced. The total of more than 45 million pounds has been exceeded only once in the past 25 years. By far the greater part of this increase took place in the Province of Quebec. Reports indicate that the early Quebec crop in the Eastern Townships was not substantially above normal, but that the Beauce district and the north shore of the St. Lawrence enjoyed ideal conditions which brought about a very marked increase in production over recent years. Because the increase resulted from prolonged production in some areas where the run began early and in substantially heavier runs in late production areas, the increased size of the crop does not appear to have been apparent until part of the crop had been purchased. Consequently, prices paid early in the season in the Eastern Townships were in some cases higher than those paid after it began to appear that a very large crop would be harvested.

A second factor influencing prices in 1952 was the rise of the Canadian dollar in terms of United States funds. The noon average of the United States dollar in terms of Canadian funds during March 1951, was 104.73 cents. In March 1952 it was 99.60 cents, approximately 5 cents lower than the corresponding 1951 figure. The April 1952 average was 98.09 cents, and by September it had reached 95.98 cents.¹ Other factors remaining constant, the prices received in 1952 by processors selling maple products in the United States would tend to be lower in terms of Canadian funds than those received in 1951 and still lower than those received in 1950 when the premium on United States funds was, to the end of September of that year, fixed at 10 per cent. More detailed reference to the impact of exchange rates is made on page 21.

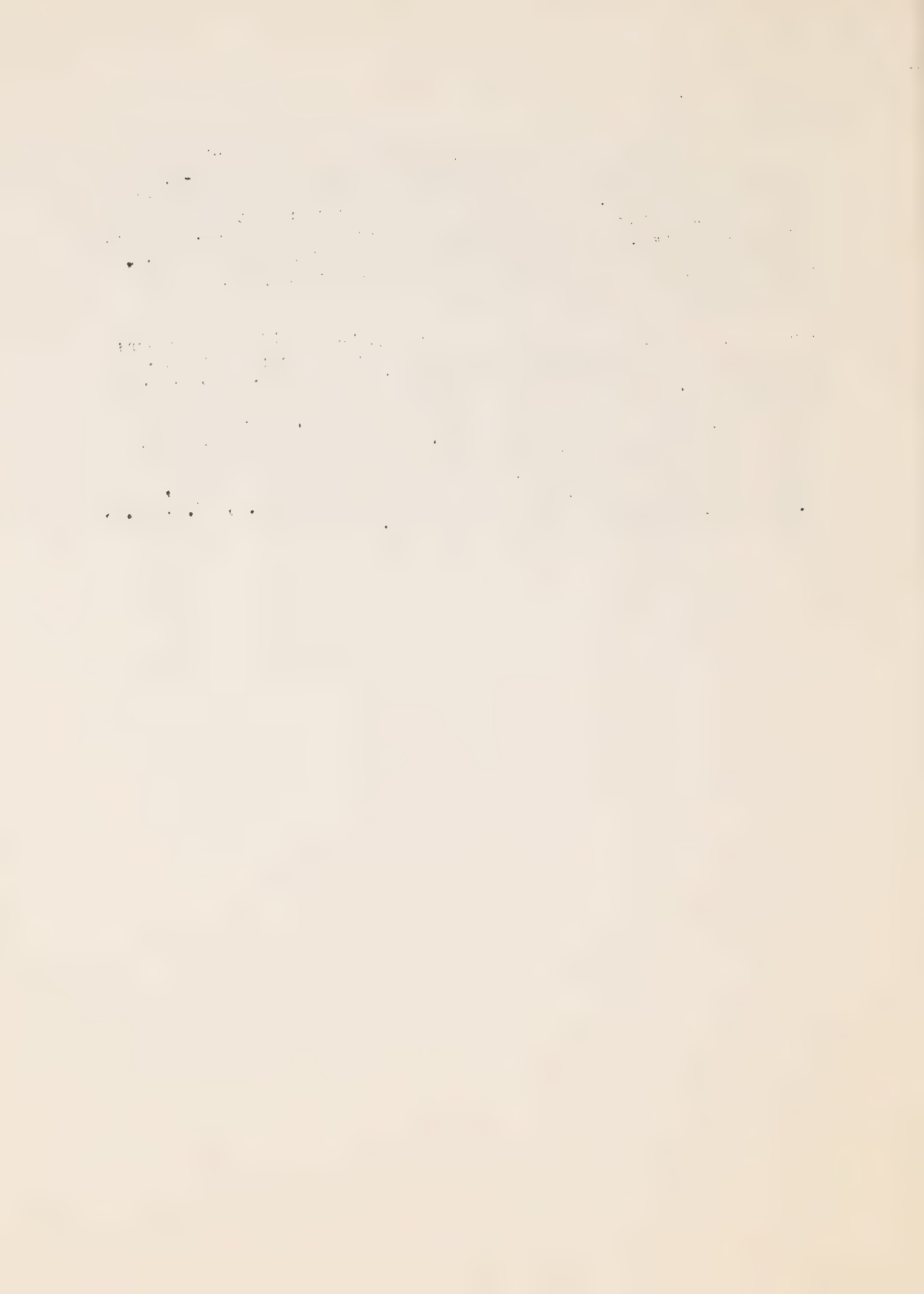
Various prices were quoted as the 1952 buying season opened. United paid 21 to 25 cents according to grade. Quebec Maple paid similar prices, with the exception that 20 cents rather than 21 was paid for "D" grade. Confederated opened at 19 to 23 cents by grade, and raised its prices one-half cent per pound in each of two successive weeks. F.P.I. quoted 20 to 24 cents according to grade at the beginning of the season. Purchasing appears to have proceeded rather cautiously from a fairly early stage. Then, as it became evident that the crop would be very large, some purchasing firms stopped buying temporarily until the supply situation became clearer. When they re-entered the market, it was at a slightly lower price. The prevailing price range for the greater part of the buying season was 18, 19, 21, 22 and 24 cents for grades D, C, B, A and AA, respectively. F.P.I. adhered to these prices throughout the buying season and Quebec Maple did so substantially, although the firm purchased some syrup at 21 cents "flat". United adhered to these prices for part of the season but for a considerable portion of its purchases adopted a range of 17 to 21 cents by grade with a guarantee of a further payment to make the total equal to the price returned by the co-operative to its members. D. R. MacDonald of United estimated that approximately half of his purchases, which portion would amount to more than 1,500,000 pounds, did not follow the scale being followed by F.P.I. Bolduc, too, adopted a scale of prices which differed from

1 Bank of Canada, Statistical Summary

that of F. P. I.

The co-operative, whose operations including prices received by its members, are described in detail on pages 22-3, determines the return to its members on the basis of its transactions in a given crop year. During the period under review its returns to members varied roughly in accordance with the general pattern of prices from year to year, and were generally somewhat higher than the prevailing levels of prices paid by other processors in years for which it is possible to make a comparison.

Variations from year to year in prices paid by processors corresponded in considerable degree to changes in prices paid for Canadian maple sugar by the major customers of the processors in the United States. In United States funds, these prices were for the years 1948, 1949, 1950, 1951 and 1952 respectively, approximately 44, 47, 40, 40 and 40 cents per pound. Adjusting these prices for the average rates of exchange between United States and Canadian dollars in March of each year, at the start of the maple season, these prices were equivalent in Canadian currency to 44.0, 47.0, 44.0, 41.9 and 39.8 cents per pound respectively.



IX Producers' Markets other than F.P.I.

Of the Quebec production of approximately 31,749,000 pounds in 1950, processors, as has been seen, bought about 19,874,000 pounds of maple products. Of this, 6,275,000 pounds were purchased by F.P.I. members. The portion of the crop not handled by the processors was, with the exception of a few hundred thousand pounds held over by some producers, consumed at home or sold in small quantities for domestic markets. The proportion of the crop accounted for in the latter manner does not appear to vary greatly from year to year. It appears that, while the entire output in some areas may be sold to consumers by the producers themselves, several of the areas of heavier production are virtually unaffected by this type of sale. The president of Quebec Maple testified that, in his opinion, 90 per cent or more of the crop produced in the Beauce district went to the processors. The manager of United stated that he did not regard sales by producers to consumers as a serious factor in buying competition. The difficulties of finding customers in markets distant from their homes and transporting their maple products to such markets, together with the cost of containers, apparently make it impractical for many producers to sell to consumers other than the limited number near at hand.

The Honourable Senator Cyrille Vaillancourt, manager of the co-operative, stated in the course of the inquiry (translated from the original French):

"Q. Where do you sell the larger part of your production?

A. In the United States. We do not wish to destroy the market of those who are unable to sell their products a long distance from their home. They would be ruined, therefore we sell in the distant market."

(Evidence, pp. 15-6V)

It may be fairly concluded that the consumer market cannot be considered as an alternative outlet of any significance for the vast majority of producers who now sell to the processors.

Outside of the F. P. I. group there were in 1950 four possible outlets for that part of the Quebec production which depended on the processor market: the co-operative and the three independents: United, Quebec Maple and Bolduc.

The co-operative. In normal times, according to the evidence, an applicant for membership would be accepted provided (a) he could reasonably be relied upon to satisfy the society's requirements as to quality of product; (b) the difficulties of shipping the product from the applicant's locality did not make his membership impracticable; and (c) proper facilities, particularly drums, were available. New members are not, however, accepted during the crop season; usually they become members in the fall when they receive drums in preparation for the next spring's production. An applicant is admitted upon the recommendation of the Board of

Directors and he must buy a qualifying share at a price of \$40 payable in four annual instalments. New members have been admitted steadily during past years. A member contracts to sell his entire maple crop, with a minor exception, through the co-operative. The exception allows him to sell maple products on the local market directly to consumers subject to the authorization of the secretary. Immediately following receipt of the maple products, the co-operative makes a partial payment to the member. Additional payments are made as soon as it is clear that they can be safely covered by sales, and final payment is made after the co-operative's net realization for the year is known. For the 1950 crop year, when this inquiry began, 10 cents per pound was paid on receipt of the syrup and an additional ten cents shortly thereafter. During November members were paid an additional 1, 2, 3, 4 or 5 cents per pound according to grade. That is, they were paid 5 cents for each pound of AA grade syrup, 4 cents for A grade, and so on, so that when this payment had been made, producers had received 21 to 25 cents per pound of syrup. Still later, a final payment of $2\frac{1}{2}$ cents per pound for syrup was made, so that total prices ranging from $23\frac{1}{2}$ cents for class "D" syrup to $27\frac{1}{2}$ cents for class "AA" had been paid.

In 1948 the co-operative paid 25, 26 and 27 cents for grades "C", "B" and "A", respectively. In 1949 it paid 27, 29, 31 and 32 cents for grades "C", "B", "A" and "AA" respectively, and in 1951 the payment was $22\frac{1}{2}$ to $26\frac{1}{2}$ cents according to grade. In 1952 the scale was $19\frac{1}{2}$ to $23\frac{1}{2}$ cents. It will be noted that these prices compare favourably with the prices paid by members of the F.P.I. group and the independents as described in the previous pages.

The co-operative, which grew from small beginnings in 1925 now has a modern processing plant and laboratory at Plessisville, Quebec, and has developed extensive sales outlets in Canada and the United States. About 85 per cent of its product is sold in the latter market. Of the 1950 crop, about 8,654,000 pounds were handled by the co-operative.

It would appear, therefore, that the co-operative affords one possible outlet to many producers who are not presently members. The degree to which it affords an outlet to such producers is difficult to estimate, depending as it does upon a number of factors. It is not possible to forecast to what extent the co-operative would be willing to expand or at what rate it would be willing to or could expand. The manager of the co-operative testified in this respect as follows (translated from the original French):

"The producers sometimes want to join the co-operative by hundreds but we do not wish to accept them all because we prefer not to expand too quickly."

(Evidence, p. 1172)

The co-operative was, in fact, forced by a shortage of drums to refuse some applications for new membership in 1951. Strictly speaking the co-operative does not buy maple products from its members for resale but rather acts as the selling agent for such members. Accordingly, while it is able to advance a part of the payment upon delivery of the product, the producer must wait for some time before he receives the usual second payment and longer still for the final settlements although these are proportionately small. This is apt to be regarded as a serious drawback by those producers who depend upon their income from their sugar bushes for immediate cash for the purpose, for example, of financing their other spring work. Then again, sales through the co-operative eliminate the element of personal marketing which is enjoyed by many of the producers.

United. During the year 1950 United bought from producers 3,220,000 pounds of syrup which was sold "from coast to coast in Canada and in the United States" (Evidence, p. 600). The manager thought "It might be quite difficult" to expand substantially his sales in the United States and that it would take a number of years (Evidence, p.602).

Quebec Maple. During the year 1950 Quebec Maple bought 1,490,000 pounds of syrup, and the manager stated his purchases varied from 1,250,000 pounds to 2,400,000 pounds per year (Evidence, p. 623). He sells in Canada and the United States about equally. His attitude toward expansion is indicated in the following passages:

"A. . . . I am operating just about in as big a way as possible without disrupting the whole picture. In other words I cannot increase my business any without hurting somebody else and I have always taken a kind of viewpoint that it was much better to operate around the figures where I am operating and let everybody make a living.

. . . .

I am always satisfied with a million pounds and anything over that is all right if it comes easy but I never go out reaching for it.

. . . .

Q. But if you went after new markets?

A. I am satisfied with what I do. It is a small industry."

(Evidence, pp. 636-8)

Bolduc. During the year 1950 Bolduc bought about 325,000 pounds of syrup. Ordinarily he sells his products in the form of

sugar, all in the United States although he sometimes sells to other processors. Bolduc's ~~attitude towards expansion~~ is indicated in the following passage from the evidence of Mr. Bolduc, Senior (translated from the original French):

"We buy all that we are able to.

Q. If you were able to buy 400,000 pounds, you would buy it?

A. We do not have enough money to buy 400,000 pounds, there are only the two of us and the bank lends us a limited amount of money; when that money is spent we have to stop."

(Evidence, p. 183)

To the above outlets, there should perhaps be added the possibility of Confederated becoming a larger factor in the Quebec market. Confederated left the F.P.I. group in 1950. Its purchases in 1950 were approximately 217,000 pounds of syrup in the Province of Ontario and 408,000 pounds in the Province of Quebec. In 1951 these figures were 224,000 pounds and 171,000 pounds respectively, and in 1952, 151,000 pounds and 227,000 pounds respectively.

X Representations by F.P.I. Members

The replies made by the members of the F.P.I. group to the allegations of a combine were in effect fourfold:

1. There was no agreement upon prices;
2. F.P.I. was not formed for the purpose of fixing prices but in order to deal with the problem of adulteration (which will be described a little later) and to effect economies in operation;
3. The activities of F.P.I. served to sustain rather than depress prices;
4. F.P.I. did not assert enough control to be undue.

Agreement upon prices

The evidence to the effect that a uniform price was not only agreed upon but was also carried into effect is so conclusive that there can be no doubt upon this aspect of the matter.

Design or Effect of F.P.I.

A more difficult question arises as to the effect produced or likely to be produced on the market for maple products by F.P.I. and, whether, as regards public interest, the whole purpose is so productive of benefits that restrictions on competition, though present, are of such incidental character that the scheme should not be said to be undue or against the public interest.

The earliest document (Exhibit 57) which has already been referred to is dated March 27, 1950 and purports to be the minutes of a meeting of the F.P.I. group on that date at Newport, Vermont. It recites that the "Meeting opened with discussion of Plan No. 1 to organize a centralized Buying Agency for Canadian purchases". It further recites that after a lengthy discussion this was not adopted as it was thought, among other objections, it would drive producers into the co-operative. The minutes go on to recite that "Plan No. 2 was proposed, in which all agreed to pool their purchases . . . selling to the Pool their overages and buying from the pool their deficiencies at the agreed pool prices. Each to submit a sworn statement of their Canadian purchases from March 1st 1949 to March 1st 1950, in detail which are subject to later audit by an Auditor to be chosen later." Actually, this, as has been seen, was not the plan that finally emerged but it seems reasonable to conclude that it reflected substantially at that time the purposes in the minds of those processors who eventually agreed upon the amended plan. This plan which, according to the minutes was agreed to at this stage, with the exception of Quebec Maple, would have left the individual buying arrangements in effect and would have had little or no effect either upon the problem of adulteration or upon achieving economies in operation.

D. R. MacDonald of United, when asked whether this document was a reasonably accurate record, replied:

"A. Very condensed but it is right."

(Evidence, p. 609)

Later, when he was asked what he understood to be the purpose of F.P.I. he replied:

"To effect economies in operation. That was the prime purpose as far as I could see, and to avoid chaotic competition. . . ."

(Evidence, pp.610-1)

Exhibit 7 is a mimeographed circular addressed to the buyers of F.P.I. under date of May 8, 1950 and it recites the purposes of the organization as follows (translated from the original French):

"The object of this undertaking is to eliminate the buying cost, to try to do away with adulterated syrup and to pay only one price all during the year in the Province."

A similar circular sent out on May 10, 1950 states as follows:

". . .

The aiming [sic] of this organisation is to eliminate loading expenses as much as possible, to clear out the market from adulterated syrup, to pay good and uniform prices all over the province and through the year in order that this maple industry will become more and more interesting to all people concerned.

". . ."

(RU-6)

Exhibit 52 is a letter dated May 13 from F.P.I. to the co-operative and it states in part (translated from the original French):

"The object of this undertaking is to stabilize the market in the making of purchases and to make the industry advantageous as well for the producers as for all those connected with it."

Exhibit 30 is a letter of May 15 addressed to David Houle of St. Jean de Matha by the president of American. This letter states in part:

"In order to cut buying expenses and to keep our costs to a minimum the following companies formed Farm Products, Inc. to do their buying:"

The six companies are then listed and the letter goes on to refer to the adulteration problem and the steps taken to meet it.

Exhibit 41 is a circular dated May 24, 1950 from F.P.I. It states in part (translated from the original French):

"TO ALL OUR CUSTOMERS

The purpose of this organization is not to lower prices to speculate at the expense of the farmers, as some people would lead you to believe, but it is exactly the opposite. We are interested much more than the farmers in maintaining a high price, because we know that if syrup is not paid for at a price that will interest the producers, they will cut down the sugar bushes and the production will be decreased and the people who have invested their capital in the industry will have to close their doors and lose their investment; you may therefore conclude, that we are much more interested in satisfactory prices than the producers themselves."

F. L. Beaudry stated in his evidence:

"Q. What led up to the formation of Farm Products as far as you know?

A. Well the way the syrup was bought in the past it was confusion. It was an awful expense to buy syrup having men and trucks on the road all the time. Sometimes you would send one truck on the road and he would come back with only 2,000 pounds and charge us for a half a day's work so that came pretty expensive. Sometimes we were picking syrup up in one place at one price and another one would come with a different price so we never knew what was going to happen. So the companies were trying to find a way to pay everybody the same price in the province of Quebec. The syrup we had bought like at 25 cents and then others were paid more later on -- and they were not satisfied. The ones that were paid 25 cents were mad at us and the results were that they were joining the co-operative all the time. The co-operative has grown bigger and bigger all the time and they are our worst competitors all the time. So they were trying to find a way to buy with the least expense possible. I understand that is why they have formed Farm Products to enable them to take syrup instead of at five or six places only in one place. In the meantime they would be able to lower the commission on the local buyers so we would be able to pay higher prices to the farmers to compete with the co-operative because there is no question today but that the co-operative is our worst competitor. This year they have come up to ten million pounds of syrup."

(Evidence, pp. 537-8)

Mr. Boright of Quebec Maple stated in the course of discussing Exhibit 57:

"A. I didn't agree with any of the plans. I left the room because I thought I should. It had reached a point that I could not properly stay.

Q. What were your reasons?

A. Well, you see I own my own business. I am the sole shareholder and being the sole shareholder you can operate rather fast. You don't have to call a meeting of your board of directors to find out if you can raise the price or lower the price, and if I went into a pool I would be restricting my abilities in the maple syrup business and so I had no desire to join any such organization."

(Evidence, pp. 626-7)

H. E. Franklin of Our Husbands stated:

"Q. What has Farm Products meant to you as an organization as a smaller operator?

A. It means to me a little order out of chaos. I would much rather see stabilized prices go right through and treat everybody the same. That has not happened in the last few years. Some sections got better treatment than others. That creates a very bad feeling. There has been a terrible overage of drums; we have had too many drums for the amount of syrup we have bought. That has proved very expensive. I think it has done a wonderful job in its operation. I do not know what would have happened. I think we would have all gone broke with what was kicking around in the way of adulterated syrup."

(Evidence, pp. 805-6)

There is no doubt that the prospect of achieving economies in operations, which economies are discussed more fully below, played a large part in the decisions of those who entered into the F.P.I. agreement. It would appear that the fixing of a common price was also a motive.

Economies in Operations

The expenses of operation have already to some extent been referred to. ~~The evidence was to the general effect that separate~~ buying meant that each processor would be required to have a representative go to each district where it wished to buy maple products, so that in the case of Cary, for example, this meant about four supervising buyers, three of whom were on salary and from 50 to 60 local agents who, in turn, would have many sub-buyers. These local buyers and sub-buyers were paid commissions of from one-half cent to one and one-half cents per pound depending in some part upon the concentration of syrup in the district. The buyer who worked in a district of considerable concentration could afford to work for a smaller commission than one who had to travel over larger distances to make his purchases. Separate buying also meant that one producer might be supplied by several processors with several times as many barrels as he could fill and this not only meant unnecessary inventories in barrels but it also tended to the losing of the barrels that had not been filled. The fact of

advantage to the parties participating in the arrangement, however, cannot justify or excuse the arrangement if it bears unduly upon the public or a segment of the public. The jurisprudence is clear on this point, as will appear from the following excerpts from decided cases:

"... the prime question certainly must be, does it (the agreement alleged to be obnoxious to Section 498), however advantageous or even necessary for the protection of the business interests of the parties, impose improper, inordinate, excessive or oppressive restrictions upon that competition the benefit of which is the right of every one?"

Anglin, J., in Weidman v. Shragge,
(1912) 46 S.C.R. 1 at pages 42-43.

"Injury to the public by the hindering or suppressing of free competition, notwithstanding any advantage which may accrue to the business interests of the members of the combine, is what brings an agreement or a combination under the ban of Section 498 Cr.C."

Mignault, J., in Stinson-Reeb
Builders Supply Co. et al. v.
The King, (1929) S.C.R. 276 at
page 280.

The question of undueness or detriment to the public will be taken up later.

Adulteration

It may be stated at this point that the problem of adulteration appears to have been a very real one. In the post-war period it began to come to the fore in 1948 at which time cane sugar, which is the commonest adulterant, had become available again. The problem increased in 1949 and became still worse in 1950. Early in 1950 the United States authorities were threatening to exclude Canadian maple products unless the problem was satisfactorily solved. Mr. Frank N. Rees, the manager of Maple Orchards explained how the matter came to a head:

"A. In January, 1950, a shipment of syrup was made from Canada to the United States. The consignee was United Maple Products Inc. (the parent company of Maple Orchards) Our laboratory checked the syrup and found it to be adulterated. We reported the matter to the United States Food and Drug Administration and they analyzed the samples and concurred in our opinion that the syrup was badly adulterated. Mr. Andrew Allison, Chief Chemist of the United States Food and Drug Administration office in Boston, the man who was in charge of imports came to Burlington and talked to me about this shipment. He was very much disturbed by it. He wanted to know how widespread I thought the adulteration

was in Canada. I told him that I thought there was and had been some adulteration. He asked me what steps had been taken to combat this evil and I told him that we and several companies had reported the existence of this to both provincial and federal authorities. He wanted to know what action had been taken and I had to report that no action had been taken by either government.

He then told me that if we hoped to get syrup from Canada into the United States during 1950 we had better do something about this problem of adulteration. We have an organization in the United States known as the Pure Maple Syrup and Sugar Packers Association, of which I am the secretary. After conveying Mr. Allison's message to the members of the association and on the advice of members of the association I arranged a meeting in Ottawa with Colonel Wheeler and Mr. Skinner of the federal Department of Agriculture. At that meeting we brought to the attention of those people the present serious situation. We told them that the United States Food and Drug Administration had threatened to take certain action. We told them that if the large buyers in the United States lost confidence in the integrity of the Quebec farmers we were likely to lose a large part of that market. . . ."

(Evidence, pp. 833-4)

As a result of this preliminary meeting, a further meeting for the discussion of the problem was arranged in Montreal and was attended by representatives of the Federal and Provincial Governments and the processors.

Speaking about a meeting held in Montreal, apparently some time in March 1950, attended by representatives of some of the companies who later became the F.P.I. group, W. H. Russell of Confederated stated:

- "A. It was at the meeting in Montreal when it was brought to the attention of all of us who were interested in shipping into the United States that unless we got our feet underneath us and did something to protect the ultimate customer of maple that the Food and Drug Administration in the United States was going to clamp right down and make all kinds of trouble for maple companies exporting into the States.

Practically all the forenoon was spent on a discussion of adulteration and what could be done and what could be worked out that was not going to tie us up into a knot so they would not be able to finance. Quite a number of the boys in the maple business finance their business with warehouse receipts. If the merchandise was to be held up at the customs then they are going to be in hot water to get their goods financed. That does not apply to us all.

(Evidence, pp. 925-6)

United States

Department of the Interior

Office of

Geological and Water Resources

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20508

March 1964

Dear Sir:

Enclosed for you are

three copies of a report

entitled "Geological and Water Resources

of the United States

Department of the Interior

Office of Geological and

Water Resources

Washington, D.C.

20508

Very truly yours,

Director

Asked whether adulteration was a big concern to him in the past, H. E. Franklin of Our Husbands stated:

"A. It has been in the last two or three years. Prior to that it was not any problem. I do not think there was enough of it to make any great difference."

(Evidence, p. 806)

The seriousness of the adulteration problem was confirmed by witnesses outside the F.P.I. group. R.M. Boright of Quebec Maple said:

"A. There was a tremendous amount of adulteration this year. (1950) There may have been for the past twenty years but a year ago we ran across a conductivity meter that we have never heard of before in connection with maple and we bought a conductivity meter -- the whole crowd did -- and started using it. . . ."

(Evidence, p. 635)

The argument in favour of F.P.I., which is based upon adulteration, is to the effect that the conductivity test for adulteration so slowed up the rate at which syrup could be received and examined and required the services of so many Provincial officials that the requisite number could not have been obtained had the F.P.I. group not combined its buying operations. Another aspect of this argument was put forward by Frank N. Rees (Maple Orchards) who stated in his evidence that he was able to get immediate assistance from the Department of Agriculture of the Province of Quebec by stating that the companies represented by F.P.I. would buy no syrup until such time as chemists to conduct the tests were made available, because without such tests they would not export syrup to the United States. Witnesses from the Department of Agriculture of the Province of Quebec confirmed that the operations of the F.P.I. had, in fact, tended to their assistance in this respect.

Convenient and economical as the F.P.I. set-up may have been however in connection with the conductivity tests, it cannot be concluded that it was necessary for this purpose; or that an arrangement short of one involving uniform prices would not have sufficed; or that the government authorities would have failed to take adequate measures in the absence of the F.P.I. set-up. The F.P.I. plan, if otherwise a combine within the meaning of the Combines Investigation Act, cannot be justified simply because of the adulteration problem. The evidence obtained in 1951 indicated that the problem of adulteration had, by then, been brought under satisfactory control by the Federal and Provincial authorities.

In view of the space that has been given to the question of adulteration, it should perhaps be stressed, in order to avoid any misunderstanding that the use of the word might create, that the problem was essentially economic and not relating to health. The "adulterant" was ordinarily cane sugar, and the gravamen of the complaint against the practice was that the purchasers were buying at maple prices what was in fact a mixture of maple and cane. Furthermore,

it was essential to processors who manufactured, advertised and sold a "blended" product, to know the base upon which they made the blend and that they could not know if indeterminate quantities of cane sugar had already been added.

Effect of F.P.I. Activities on Prices

There is considerable evidence to the effect that F.P.I. in the crop year of 1950 did not serve to depress prices and, in fact, there is considerable evidence to the effect that F.P.I. may have had some influence in keeping prices up.

To take an example, F. L. Beaudry, the manager of F.P.I., stated:

"Q. If the dealers represented by Farm Products had bought individually instead of through Farm Products, is it your opinion that you would have paid higher prices?

A. I think prices would have been lower this year.

Q. Do you think so?

A. I am going to prove it too. We had a meeting in Burlington, I have not got any record of it, but we were finished buying. Cary had enough, and two other companies had enough but the others who wanted to buy wanted to buy at five cents less. They wanted to buy at five cents less.

. . .

After a long discussion they took a vote and three people voted to maintain this price and two others voted for three cents less -- 18 cents. They were defeated so they had to pay 21 to 25. If it had not been for Farm Products those two people would go into the field. They were alone in buying, and they would have bought syrup for 18 cents because there was some already offered to me for 20 cents."

(Evidence, pp. 594-5)

D. R. MacDonald of United Maple (an independent) stated:

"A. . . . I thought 21, 22, 23, 24, and 25, was too high for the crop. We wanted to pay 20 and 23 but they continued to pay 21 to 25 and we had to follow.

Q. Do you think you could have bought syrup at that price this year?

A. Definitely; there is no doubt about that at all."

(Evidence, p. 617)

Representatives of the F.P.I. group asserted in the course of the inquiry that they had an interest from time to time in maintaining prices above the level they would otherwise have reached; that their businesses depended upon the maple crop and upon the producers not being led by unsatisfactory prices to abandon their operations or to go into the co-operative.

This inquiry has not been directed to the reasonableness or otherwise of the prices offered by F.P.I., particularly during the first season of its operations, but rather to the question whether such an arrangement among such an important group of buyers has operated or is likely to operate detrimentally to the producers by lessening competition in the purchase of maple products. The Combines Investigation Act forbids an arrangement which has the effect of lessening competition in the purchase or sale of a commodity to a degree that is detrimental to the public, whether consumers, producers or others. The question of whether such detriment has been created is one of fact depending upon the circumstances of the particular case. Generally speaking, the power to lessen competition to the degree necessary to bring the arrangement within the prohibitions of the Act presupposes a substantial measure of control of the market. In the absence of active competition among the most substantial buyers in a market the determination of prices becomes an arbitrary decision rather than the result of independent bidding. Although the evidence reviewed above suggests that in the initial period of its operations F.P.I. did not depress prices it must be borne in mind that F.P.I. commenced such operations in a season of unusually large production of maple products and at a time when there was some slackening of economic activity in the principal export market. It is interesting to speculate as to what might have been the situation had there been a short instead of a bumper crop. Prices that result from an arrangement among purchasers who substantially control the market may be reasonable today but there is no guarantee they will not be unreasonable tomorrow. Consequently, Parliament has forbidden such an arrangement in itself.

Degree of Control

There remains then the question as to whether or not the control exerted by F.P.I. was or was likely to become undue.

It will be recalled that an attempt was made to bring all processors, with the exception of the co-operative and Bolduc, into the F.P.I. arrangement. The co-operative of course could not fit into such a plan and Bolduc's operations taken alone were not significant to the competitive situation. Had this attempt succeeded, the possibility would indeed be stronger that the arrangement amounted to a combine within the meaning of the Combines Investigation Act. The fact that United and Quebec Maple did remain outside the F.P.I. raises the question as to whether the operations of these latter, together with those of Bolduc, and giving due weight to the effect of the co-operative, prevented the F.P.I. group from having such control over the market as to make its operations undue or detrimental

to the public.

As appears from Table IV in Appendix A, the maple products purchased from producers in the Province of Quebec by the processors in 1949 were in the following approximate amounts:

Co-operative	6,151,000 pounds
Independents	3,270,000 "
F.P.I. group	6,560,000 "

In 1950 this distribution changed substantially to be as follows:

Co-operative	8,564,000 pounds
Independents	5,035,000 "
F.P.I. group	6,275,000 " 1

In 1951 it changed again and became:

Co-operative	7,242,000 pounds
Independents	4,853,000 "
F.P.I. group	4,269,000 "

The corresponding figures for 1952 were:

Co-operative	10,273,000 pounds
Independents	5,832,000 "
F.P.I. group	5,935,000 "

Confederated, whose purchases for 1949 and 1950 are included with those of F.P.I., purchased 171,000 pounds in 1951 and 227,000 pounds in 1952. In terms of percentages the proportion of processors' purchases handled by these groups changed as follows:

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
	%	%	%	%
Co-operative	39	43	44	46
Independents	20	25	29	26
F.P.I. group	41	32	26	27
Confederated	—	—	1	1
Total	100	100	100	100

In other words, as regards total purchases by processors, both the co-operative and the independents improved their position in 1950 over 1949 and again in 1951 over 1950 while F.P.I. both in 1950 and 1951 lost ground. In 1952 the co-operative again improved its position to account for 46 per cent of purchases; the independents lost 3 points to account for 26 per cent; and F.P.I. gained a point to account for 27 per cent of purchases or 15 per cent of the Quebec crop.

1 Includes 269,000 pounds purchased by Confederated independently of the F.P.I. arrangement.

Despite the particular circumstance attaching to the co-operative it may be fairly assumed that it asserts a very substantial influence upon the prices at which the producers will sell to the other processors. If the price offered by the processors compares unfavourably with the return to the co-operative's members, the producer will be attracted to the co-operative and ordinarily he has not been turned away.

The question may now be put thus: Have the members of the F.P.I. group, by reason of their contacts, by reason of the cost of creating processing capacity and by reason of other factors, such an influence over the market that the extent to which they have lessened competition by combining their operations should be said to be undue?

XI Conclusions

Having regard to all the factors involved, I am of the opinion that the evidence does not go so far as to prove a combine within the meaning of the Combines Investigation Act. The parties have not been shown to account for a sufficiently large part of the market or to have such control over it as to make it appear conclusively that their arrangements are detrimental to the public, i.e. in this case, the producers. Circumstances may, of course, change. The control of the F.P.I. group may increase, either by reason of its own measures or because of external events. If the circumstances do change so as to put F.P.I. in a position either to control or to exert a dominant influence upon prices, the member companies will, in the ordinary course, be among the first to realize it and it is to be hoped that they will take steps accordingly to prevent any contravention of the Act. The Director under the Combines Investigation Act will, of course, in accordance with ordinary practice, continue to keep the maple products market under observation and it will also be open to any person to bring new facts before the Director at any time.

T. D. MacDonald

Commissioner
Combines Investigation Act

Ottawa,
March 20, 1953

APPENDICES

APPENDIX A

Table I

Production of Maple Syrup and Sugar 1948-1952
(expressed in thousands of pounds of Maple Syrup)¹

	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
North America	47,012	50,095	60,958	49,299	62,653
Canada	31,122	32,301	38,784	30,016	45,111
Quebec	25,593	26,768	31,749	24,700	38,727

1 - 1 pound of sugar taken as equivalent of 1.3 pounds of syrup

Sources: Dominion Bureau of Statistics and
United States Bureau of Agricultural Economics

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Table II

Canadian Production and Exports of Maple Products
for Crop Years Beginning April 1, 1930-1951
(quantities expressed as thousands of pounds of Maple Syrup)¹

	<u>1930- 1934</u>	<u>1935- 1939</u>	<u>1940- 1944</u>	<u>1945- 1949</u>	<u>1950- 1951</u>
Average Yearly Production	29,770	34,892	36,436	32,438	34,398
Average Yearly Exports	5,418	8,614	9,287	10,252	13,829
Exports as % of Production	18%	25%	25%	32%	40%

1 - 1 pound of sugar taken as equivalent of 1.3 pounds of syrup

Source: Dominion Bureau of Statistics

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Table III

Total Farm Value of Maple Syrup and
Maple Sugar produced 1948-1952
(thousands of dollars)

	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
Canada	8,541	9,126	10,636	8,555	12,175
Quebec	6,852	7,427	8,445	6,797	10,095

Source: Dominion Bureau of Statistics

Table IV

Quebec Production of Maple Products and
Purchases from Producers by Processors
(expressed as thousands of pounds of maple syrup)¹

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
Quebec Production	26,768	31,749	24,700	38,727
Purchases -				
Co-operative	6,151	8,564	7,242	10,273
Bolduc, Quebec Maple and United	3,270	5,035	4,853	5,832
F.P.I. members	6,560	6,275 ²	4,269	5,935
Confederated	<u>(3)</u>	<u>(3)</u>	<u>171</u>	<u>227</u>
Total purchases by processors	15,981	19,874	16,535	22,267

1 - 1 pound of sugar taken as equivalent to 1.3 pounds of syrup

2 - Includes approximately 269,000 pounds purchased by Confederated independently of F.P.I.

3 - Included in F.P.I. members figure

Sources: Dominion Bureau of Statistics and statements of processors

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Table V

Exports of Maple Products by Processors, 1949-1952
(expressed as thousands of pounds of maple syrup)¹

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
The Co-operative	5,841	7,551	6,674	7,369
Bolduc, Quebec Maple and United	2,400	3,307	2,815	2,958
F.P.I. members ²	6,422	6,023	4,306	6,717
Confederated	<u>(3)</u>	<u>(3)</u>	<u>1</u>	<u>7</u>
All Processors	14,663	16,882 ⁴	13,796	17,051

1 - 1 pound of sugar taken as equivalent to 1.42 pounds of syrup.
Sugar which has been made by processors has, normally, a
higher density than that made by producers

2 - Includes maple products purchased from other processors

3 - Included in F.P.I. members figure

4 - Discrepancy due to rounding of figures

Source: Data from statements of processors

Table VI

Number of Trees Tapped in all Canada, in the Province of
Quebec and in the Beauce District Counties
of Quebec, 1921, 1931 and 1941

	<u>1921</u>	<u>1931</u>	<u>1941</u>
Canada	22,628,060	24,216,891	24,263,578
Quebec	19,292,593	20,920,602	21,348,698
Counties in Beauce district			
Beauce	2,132,107	2,154,559	2,629,097
Dorchester	511,505	884,980	1,012,503
Frontenac	561,890	872,095	813,369
Jotbiniere	350,839	350,747	514,500
Megantic	<u>973,081</u>	<u>1,328,830</u>	<u>1,527,094</u>
Total Beauce district	4,529,452	5,591,211	6,496,563

Source: Dominion Bureau of Statistics

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Table VII

Classification of the Commercial Production of Maple
Syrup in the Province of Quebec, 1948-52

	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
	%	%	%	%	%
AA	0.8	0.2	0.7	1.5	1.6
A	11.1	9.8	16.2	22.6	25.0
B	32.1	35.1	35.0	31.0	33.8
C	52.0	51.5	24.2	20.0	21.8
D	(1)	(1)	21.4	21.8	15.0
NC (2)	4.0	3.4	2.5	3.1	2.8

1 - Included with "C"

2 - Not classifiable

Source: Quebec Bureau of Statistics

APPENDIX B

Parties Described in the Report as the "Independents"

1. United Maple Products, Limited (herein called "United") is a Canadian company with head office and plant in Granby, Quebec. United has been purchasing maple products in Quebec for a great many years. Most of its purchases are made in the Eastern Townships area. A large part of United's purchases are processed into block sugar and sold on the United States market. During the years 1949, 1950, 1951 and 1952 United bought from producers approximately 2,114,000, 3,220,000, 2,568,000 and 3,240,000 pounds respectively of maple products in Quebec and exported approximately 1,761,000, 2,591,000, 1,984,000 and 1,981,000 pounds respectively to the United States.
2. Quebec Maple Products Ltd. (herein called "Quebec Maple") is a Canadian company with head office and plant in Lennoxville, Quebec. Quebec Maple has been an important purchaser of maple products in Quebec for some time, the larger part of its purchases being made in the Beauce district. It sells mostly on the Canadian market, although a considerable amount of its purchases is sold in the United States in the form of block sugar. During the years 1949, 1950, 1951 and 1952 Quebec Maple bought approximately 950,000, 1,490,000, 1,977,000 and 2,231,000 pounds respectively of maple products from producers in Quebec and exported approximately 434,000, 563,000, 816,000 and 830,000 pounds respectively to the United States.
3. A. M. Bolduc & Son, St-Victor, Quebec (herein called "Bolduc") is an unincorporated family enterprise located in Beauce County and comprising Mr. A. M. Bolduc, and his son, Mandoza. Bolduc is a relatively small purchaser of maple products averaging around 300,000 pounds yearly. Practically all of Bolduc's purchases are sold in the form of block sugar on the United States market, sometimes through others of the processors listed here. During the years 1949, 1950, 1951 and 1952 Bolduc bought approximately 205,000, 325,000, 307,000 and 361,000 pounds respectively of maple products from producers in Quebec and exported approximately 205,000, 153,000, 14,000 and 146,000 pounds respectively to the United States.

Parties Described in the Report as the "F.P.I. Group"¹

4. Confederated Foods of Canada Limited (herein called "Confederated") is a Canadian company, which was incorporated in 1941 to continue the business of The Russell Maple Products Company, a private unincorporated organization which had been in operation for a good many years. The head office of Confederated is in Delta, Ontario, where it maintains the only processing and packing plant for maple products in the Province of Ontario. It is also the only large

1 Confederated left the F.P.I. group in the latter part of 1950.

scale buyer of maple products in Ontario, its purchases being made mostly in Leeds and Lanark Counties. Confederated and its predecessor company have, during the last seventeen years, been purchasing maple products in the Province of Quebec, mostly from the Beauce district and the Eastern Townships. Since 1947 a large part of these purchases has been shipped unprocessed to packers in the United States. During the years 1949, 1950, 1951 and 1952 Confederated bought approximately 485,000, 408,000, 171,000 and 227,000 pounds respectively of maple products from producers in Quebec and exported approximately 132,000, 82,000, 1,000 and 7,000 pounds respectively to the United States.

5. American Maple Products Corp. (herein called "American") is a United States company with headquarters in Newport, Vermont. It started buying maple products in considerable quantities in the Province of Quebec in 1948. All of American's purchases of maple products are shipped unprocessed to the United States. American sells no blended maple syrup. It packs pure sugar and syrup for the retail trade, manufactures maple candy and sells block sugar for blending purposes. During the years 1949, 1950, 1951 and 1952 American bought approximately 571,000, 598,000, 470,000 and 613,000 pounds respectively of maple products from producers in Quebec and exported all of its purchases in each year to the United States.
6. Cary Maple Sugar Company, Inc. (herein called "Cary") is a United States company with headquarters in St. Johnsbury, Vermont. By far the largest United States buyer of Canadian maple products, Cary has been purchasing these products in Canada for a great number of years. Practically all of the maple products purchased in Canada by or on behalf of Cary come from the Province of Quebec, and all are shipped unprocessed to the United States. Cary sells blended syrup as well as pure syrup and sugar through the retail trade. It also sells maple products to blenders and confectioners. During the years 1949, 1950, 1951 and 1952 Cary bought approximately 3,124,000, 3,153,000, 2,380,000 and 3,123,000 pounds respectively of maple products from producers in Quebec and exported all of its purchases in each year to the United States.
7. Fred Fear & Co. (herein called "Fred Fear") is a United States company with headquarters in Brooklyn, New York. It has been purchasing maple products in Quebec for some fifteen years. All of Fred Fear's purchases are shipped unprocessed to the United States. Fred Fear sells both pure and blended syrup for distribution through the retail trade. During the years 1949, 1950, 1951 and 1952 Fred Fear bought approximately 358,000, 908,000, 701,000 and 1,505,000 pounds respectively of maple products from producers in Quebec and exported all of its purchases in each year to the United States.
8. Maple Orchards Limited (herein called "Maple Orchards") is a Canadian company whose head office is in Beauceville, Beauce County, in the Province of Quebec. Maple Orchards, a wholly-owned subsidiary of the United Maple Products, Inc., a United States company with headquarters in Burlington, Vermont, was

incorporated in March 1948, under the laws of the Province of Quebec. It began purchasing maple products in the Province of Quebec at the time of its incorporation. Maple Orchards has been a substantial buyer in Quebec. It has a licensed processing and packing plant in Beauceville, Quebec where most of its purchases are processed into block sugar and shipped to the United States. Maple products purchased in the Eastern Townships are usually sent to the United States unprocessed. Maple Orchards sells its maple products in substantially the same manner and form as "American", whose selling pattern is outlined above. During the years 1949, 1950, 1951 and 1952 Maple Orchards bought approximately 1,345,000, 947,000, 501,000 and 422,000 pounds respectively of maple products from producers in Quebec and exported all of its purchases in each year to the United States.

9. Our Husbands Co. (herein called "Our Husbands") is a United States company with headquarters in Lyndon, Vermont. It has been purchasing maple products in the Province of Quebec for the last five years. Its volume of purchases has been small but is gradually increasing. All of Our Husbands' purchases are shipped unprocessed to the United States. Our Husbands sells block sugar to blenders, bulk syrup and syrup in cans and bottles. The syrup for retail distribution is sold under the label of American which firm performs all processing for Our Husbands. During the years 1949, 1950, 1951 and 1952 Our Husbands bought approximately 176,000, 261,000, 218,000 and 417,000 pounds respectively of maple products from producers in Quebec and exported all of its purchases in each year to the United States.

Described in the Report as "the co-operative"

10. Les Producteurs de Sucre d'Erable de Quebec (herein called "the co-operative") is a producers' co-operative society organized under the laws governing the co-operative societies of the Province of Quebec with head office at Levis, Quebec and a plant at Plessisville, Quebec. The co-operative has been marketing maple products on behalf of its members since 1925. The co-operative sells maple products in Canada, and exports a large part of its processed product to the United States in the form of sugar. During the years 1949, 1950, 1951 and 1952 the co-operative handled approximately 6,151,000, 8,654,000, 7,242,000 and 10,273,000 pounds respectively of maple products and exported approximately 5,841,000, 7,551,000, 6,674,000 and 7,369,000 pounds respectively to the United States.

